

Report of Independent Auditors
English Translation of a Report Originally Issued in Chinese

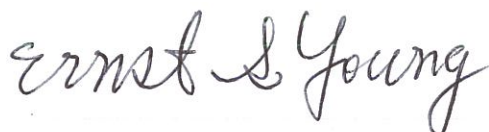
Quanmax Inc.

We have audited the accompanying consolidated balance sheets of Quanmax Inc. and subsidiaries as of December 31, 2009 and 2008, the related consolidated statements of income, changes in shareholders' equity and cash flows for the years then ended. These consolidated financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with "Regulation on Governing Auditing and Certification of Financial Statements by Certified Public Accountants" and generally accepted auditing standards in the Republic of China. Those rules and standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial positions of Quanmax Inc. as of December 31, 2009 and 2008, and the results of its operations and its cash flows for the years then ended in conformity with the related financial accounting standards of the "Business Entity Accounting Act" and of the "Regulation on Business Entity Accounting Handling", "Guidelines Governing the Preparation of Financial Reports by Securities Issuers", and accounting principles generally accepted in the Republic of China.

As described in Note 3(1) to the financial statements, effective from January 1, 2009, Quanmax Inc. has adopted the amendment of R.O.C. Statement of Financial Accounting Standards No. 10, "Accounting for Inventories". As described in Note 3(2) to the financial statements, according to the revised Income Tax Law, the income tax rate will be adjusted from 25% to 20% effective from 2010, thus deferred income tax assets and liabilities of Quanmax Inc. have been adjusted in accordance with the R.O.C. Statement of Financial Accounting Standards No. 22, "Accounting for Tax."



March 10, 2010
Taipei, Taiwan
Republic of China

Notice to Readers

The accompanying financial statements are intended only to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in the Republic of China.

English Translation of Financial Statements Originally Issued in Chinese

Quanmax Inc. and Subsidiaries

Consolidated Balance Sheets

As of December 31, 2009 and 2008

(Expressed in Thousands of New Taiwan Dollars)

Assets	December 31, 2009		December 31, 2008		Liabilities and Stockholders' Equity	December 31, 2009		December 31, 2008	
	Amount	%	Amount	%		Amount	%	Amount	%
Current assets					Current liabilities				
Cash and cash equivalents	\$962,792	38.96	\$942,678	30.27	Short-term loans	\$412,584	16.70	\$174,578	5.61
Financial assets at fair value through profit or loss	8,519	0.34	-	-	Financial liabilities at fair value through profit or loss	-	-	19,754	0.63
Notes and accounts receivable, net	175,316	7.10	622,937	20.00	Notes payable	860	0.04	3,778	0.12
Accounts receivable from related parties, net	-	-	658	0.02	Accounts payable	179,414	7.26	659,961	21.19
Other receivables	23,815	0.96	7,196	0.23	Accounts payable to related parties	-	-	3,667	0.12
Inventories, net	381,705	15.45	554,088	17.79	Income tax payable	38,573	1.56	4,245	0.14
Prepayments	16,404	0.66	38,924	1.25	Accrued expenses	120,352	4.87	412,121	13.24
Other current assets	33,255	1.35	195,652	6.29	Other payable	1,479	0.06	24,738	0.79
Deferred income tax assets—current	76,297	3.09	2,694	0.09	Advance receipts	14,899	0.60	599	0.02
Total current assets	1,678,103	67.91	2,364,827	75.94	Current portion of long-term liabilities	-	-	100,000	3.21
Funds and investments					Other current liabilities	123,589	5.00	301,144	9.67
Long-term investments accounted for under the equity method	-	-	1,883	0.06	Total current liabilities	891,750	36.09	1,704,585	54.74
Property, plant and equipment					Long-term liabilities on interest				
Buildings	92,907	3.76	88,772	2.85	Long-term loans	138,105	5.59	-	-
Machinery and equipment	20,721	0.84	26,214	0.84	Other liabilities				
Office equipment	14,044	0.57	29,845	0.96	Deferred income tax liabilities-noncurrent	-	-	36,404	1.17
Leasehold improvements	6,583	0.26	7,498	0.24	Other liabilities	14,812	0.60	14,877	0.48
Others	17,109	0.69	1,978	0.06	Total other liabilities	14,812	0.60	51,281	1.65
Total cost	151,364	6.12	154,307	4.95	Total liabilities	1,044,667	42.28	1,755,866	56.39
Less: accumulated depreciation	(22,305)	(0.90)	(21,880)	(0.70)	Stockholders' equity				
Property, plant and equipment, net	129,059	5.22	132,427	4.25	Common stock	499,200	20.20	499,200	16.03
Intangible assets					Additional Paid-in Capital	35,645	1.44	8,000	0.26
Trademarks	299,979	12.13	313,473	10.07	Retained earnings				
Patents · franchise	24,600	1.00	24,576	0.79	Legal reserve	91,989	3.72	55,218	1.76
Computer software cost	23,108	0.93	32,119	1.03	Special reserve	14,751	0.60	-	-
Goodwill	142,483	5.77	71,525	2.30	Unappropriated retained earnings	677,500	27.42	694,120	22.30
Other intangible assets	121,949	4.94	144,427	4.63	Subtotal	784,240	31.74	749,338	24.06
Total intangible assets	612,119	24.77	586,120	18.82	Adjusting items in stockholders' equity				
Other assets					Cumulative translation adjustments	(35,137)	(1.42)	(14,751)	(0.47)
Refundable deposits	9,139	0.37	9,240	0.30	Total stockholders' equity of the parent company	1,283,948	51.96	1,241,787	39.88
Deferred charges, net	6,602	0.27	10,237	0.33	Minority interests	142,421	5.76	116,297	3.73
Deferred income tax assets—noncurrent	26,583	1.08	-	-	Total stockholders' equity	1,426,369	57.72	1,358,084	43.61
Prepaid pension cost	9,431	0.38	9,216	0.30	Total liabilities and stockholders' equity	\$2,471,036	100.00	\$3,113,950	100.00
Total other assets	51,755	2.10	28,693	0.93					
Total assets	\$2,471,036	100.00	\$3,113,950	100.00					

English Translation of Financial Statements Originally Issued in Chinese

Quanmax Inc. and Subsidiaries

Consolidated Statements of Income

For the years ended December 31, 2009 and 2008

(Expressed in Thousands of New Taiwan Dollars, Except for Earning Per Share)

	Dec. 31, 2009		Dec. 31, 2008	
	Amount	%	Amount	%
Operating revenues				
Sales revenues	\$3,787,016	100.29	\$5,202,201	100.00
Less: Sales returns	(14,046)	(0.37)	(2,502)	(0.05)
Sales allowance	(1,988)	(0.05)	(657)	(0.01)
Service revenues	2,954	0.08	1,774	0.04
Other operating revenues	1,993	0.05	1,175	0.02
Net operating revenues	<u>3,775,929</u>	<u>100.00</u>	<u>5,201,991</u>	<u>100.00</u>
Operating costs	<u>(3,127,783)</u>	<u>(82.84)</u>	<u>(4,540,855)</u>	<u>(87.29)</u>
Gross profits	<u>648,146</u>	<u>17.16</u>	<u>661,136</u>	<u>12.71</u>
Operating expenses				
Selling expenses	(531,091)	(14.07)	(243,507)	(4.68)
General and administrative expenses	(122,467)	(3.24)	(124,642)	(2.40)
Research and development expenses	(68,424)	(1.81)	(77,449)	(1.49)
Total operating expenses	<u>(721,982)</u>	<u>(19.12)</u>	<u>(445,598)</u>	<u>(8.57)</u>
Operating profit	<u>(73,836)</u>	<u>(1.96)</u>	<u>215,538</u>	<u>4.14</u>
Non-operating income and gain				
Interest income	185	-	1,831	0.04
Gains on disposal of property, plant and equipment	-	-	16	-
Gains on sale of investments	45,514	1.21	233,412	4.49
Foreign exchange gain, net	52,861	1.40	-	-
Valuation gain on financial instruments	8,525	0.23	-	-
Others	13,710	0.36	24,000	0.46
Subtotal	<u>120,795</u>	<u>3.20</u>	<u>259,259</u>	<u>4.99</u>
Non-operating expenses and losses				
Interest expenses	(31,026)	(0.82)	(3,828)	(0.07)
Losses on disposal of property, plant and equipment	(7)	-	(29)	-
Foreign exchange loss, net	-	-	(159)	-
Valuation loss on financial instrument	(4,914)	(0.13)	(19,565)	(0.38)
Others	(8,219)	(0.22)	(18,058)	(0.35)
Subtotal	<u>(44,166)</u>	<u>(1.17)</u>	<u>(41,639)</u>	<u>(0.80)</u>
Income from continuing operations before income tax	2,793	0.07	433,158	8.33
Income tax (expense) benefit	67,583	1.79	(6,592)	(0.13)
Consolidated net income	<u>\$70,376</u>	<u>1.86</u>	<u>\$426,566</u>	<u>8.20</u>
Attributable to:				
Stockholders of the parent company	\$34,902	0.92	\$367,715	7.07
Minority interests	35,474	0.94	58,851	1.13
Consolidated income	<u>\$70,376</u>	<u>1.86</u>	<u>\$426,566</u>	<u>8.20</u>
Basic earnings per share (NTD)				
Income attributable to shareholders of the parent – Pre-tax	<u>\$ 1.10</u>		<u>\$ 7.09</u>	
Income attributable to shareholders of the parent – Pro-tax	<u>\$ 0.70</u>		<u>\$ 7.37</u>	

English Translation of Financial Statements Originally Issued in Chinese
 Quanmax Inc. and Subsidiaries
 Consolidated Statements of Changes in Stockholders' Equity
 For the years ended December 31, 2009 and 2008
 (Expressed in Thousands of New Taiwan Dollars)

Item	Common stock	Capital surplus	Retained earnings			Cumulative translation adjustments	Stockholders of the parent company	Minority interests	Total stockholders' equity
			Legal reserve	Special reserve	Unappropriated retained earnings				
Balance as of January 1, 2008	\$499,200	\$8,000	\$36,537	\$ -	\$427,479	\$58,085	\$1,029,301	\$1,213	\$1,030,514
Appropriation and distribution for 2007:									
Legal reserve	-	-	18,681	-	(18,681)	-	-	-	-
Employee bonus - cash	-	-	-	-	(840)	-	(840)	-	(840)
Cash dividends	-	-	-	-	(79,872)	-	(79,872)	-	(79,872)
Remuneration paid to directors and supervisors	-	-	-	-	(1,681)	-	(1,681)	-	(1,681)
Net income in 2008	-	-	-	-	367,715	-	367,715	58,851	426,566
Changes in cumulative translation adjustments	-	-	-	-	-	(72,836)	(72,836)	(939)	(73,775)
Changes in minority interests	-	-	-	-	-	-	-	57,172	57,172
Balance as of December 31, 2008	499,200	8,000	55,218	-	694,120	(14,751)	1,241,787	116,297	1,358,084
Appropriation and distribution for 2008 (Note1):									
Legal reserve	-	-	36,771	-	(36,771)	-	-	-	-
Special reserve	-	-	-	14,751	(14,751)	-	-	-	-
Adjustment arising from changes in percentage of ownership in equity method investees	-	27,645	-	-	-	-	27,645	-	27,645
Net income in 2009	-	-	-	-	34,902	-	34,902	35,474	70,376
Changes in cumulative translation adjustments	-	-	-	-	-	(20,386)	(20,386)	-	(20,386)
Changes in minority interests	-	-	-	-	-	-	-	(9,350)	(9,350)
Balance as of December 31, 2009	\$499,200	\$35,645	\$91,989	\$14,751	\$677,500	\$ (35,137)	\$1,283,948	\$142,421	\$1,426,369

Note1: Remuneration paid to directors and supervisors \$3,162 thousand and Employee bonus - cash \$1,581 thousand have deducted from Statements of Income.

English Translation of Financial Statements Originally Issued in Chinese
 Quanmax Inc. and Subsidiaries
 Consolidated Statements of Cash Flows
 For the years ended December 31, 2009 and 2008
 (Expressed in Thousands of New Taiwan Dollars)

Items	2009	2008
Cash flows from operating activities:		
Consolidated net income	\$70,376	\$426,566
Adjustments to reconcile net income to net cash provided by		
Operating activities:		
Depreciation	17,527	21,562
Amortization	69,491	29,209
Bad debt expenses	1,721	9,513
Losses on disposal of property, plant and equipment	150	6,049
Gains on sale of investments	(45,514)	(233,412)
Losses on inventory valuation and obsolescence (gain from price recovery of inventory)	28,721	(60,899)
Gains on disposal of other intangible assets	(1,495)	-
Losses on disposal deferred charges	-	431
Valuation (gain) loss on financial instruments	(8,525)	19,565
Changes in assets and liabilities:		
Decrease in financial liabilities at fair value through profit or loss	(19,754)	-
(Increase) decrease in notes receivable and accounts receivable	445,900	(162,857)
Decrease in accounts receivable from related parties	658	137,369
Decrease in other receivables and from related parties	10,709	350
Decrease in inventories	143,662	103,209
(Increase) decrease in prepayments	22,520	(35,257)
(Increase) decrease in other current assets	162,397	(192,853)
(Increase) decrease in deferred income tax assets — net	(100,186)	71,197
Increase in prepaid pension	(215)	(3,421)
Increase (decrease) in notes payable and accounts payable	(483,465)	172,531
Increase in accounts payable to related parties	(3,667)	(42,771)
Increase (decrease) in tax payable	34,328	(11,938)
Increase (decrease) in accrued expenses	(291,769)	359,619
Increase (decrease) in other payable and to related parties	4,069	(70,087)
Increase (decrease) in advance receipts	14,300	(13,797)
Increase (decrease) in other current liabilities	(177,555)	300,725
Increase (decrease) in other liabilities	(51,281)	14,877
Decrease in deferred debits	-	(2,784)
Net cash (used in) provided by operating activities	<u>(156,897)</u>	<u>842,696</u>
Cash flows from investing activities:		
Decrease in other account receivables from related parties	-	257,998
Proceeds from disposal of long-term investments accounted for under the equity method	-	254,395
Acquisitions of property, plant and equipment	(9,289)	(34,086)
Proceeds from disposal of property, plant and equipment	11	436
Acquisitions of other intangible assets	(47,174)	(23,588)
Proceeds from disposal of other intangible assets	26,405	-
Decrease in refundable deposits	101	7,267
Increase in deferred charges	(6,345)	(3,739)
Net cash (used in) provided by investing activities	<u>(36,291)</u>	<u>458,683</u>

Quanmax Inc. and Subsidiaries
 Consolidated Statements of Cash Flows
 For the years ended December 31, 2009 and 2008
 (Expressed in Thousands of New Taiwan Dollars)

Items	2009	2008
Cash flows from financing activities:		
Increase in short-term loans	238,006	122,586
Increase in long-term notes payable	38,105	-
Increase in long-term accounts payable	14,812	-
Remuneration paid to directors and supervisors	-	(2,521)
Cash dividends	-	(79,872)
Net cash provided by financial activities	<u>290,923</u>	<u>40,193</u>
Effect of minority interests	-	(545,886)
Effect of exchange rate changes on cash and cash equivalents	(77,621)	(87,623)
Net increase (decrease) in cash and cash equivalents	<u>20,114</u>	<u>708,063</u>
Cash and cash equivalents, beginning of the years	942,678	234,615
Cash and cash equivalents, end of the years	<u>\$962,792</u>	<u>\$942,678</u>
Supplemental disclosure of cash flow information:		
Interest paid	<u>\$31,026</u>	<u>\$3,828</u>
Income tax paid	<u>\$4,122</u>	<u>\$8,968</u>